Fight Between Gig Rivals Uber and Lyft Runs Out of Gas

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Uber and Lyft, perhaps two of the most widely known gig economy employers, have resolved their nearly two-year legal battle which started when Lyft sued Travis VanderZanden, Lyft's former COO, who left Lyft and became a top executive at Uber.

The fight started in November of 2014 after VanderZanden's departure from Lyft to rival Uber. The guts of the lawsuit filed by Lyft accused VanderZanden of breaching confidentiality agreements by improperly taking Lyft's proprietary information – such as financial material, marketing and product plans, customer lists, and international growth documents. Lyft's allegations included the intrigue that VanderZanden backed up Lyft information to his cellphone and personal home computer after informing Lyft that he would be leaving in August 2014 but before he did so in October.

Once Lyft initiated the litigation, VanderZanden did not simply play defense, but instead he went on the offensive. He filed counterclaims which accused Lyft of its own impropriety by unlawfully accessing VanderZanden's personal communications (including a text message he received to his mobile phone from an Uber executive prior to leaving and reading an email from an Uber administrative assistant that he forwarded to his personal email account prior to leaving).

After almost a year of litigation, the judge issued a significant ruling in August 2015. First, he refused to dismiss the counterclaims VanderZanden was pursuing against Lyft, finding there was "sufficient evidence" to support them. And the judge also refused to sanction VanderZanden in response to Lyft's assertion that the claims he filed were speculative.

The Court's August 2015 ruling was important because it permitted VanderZanden to maintain the offensive fight against Lyft (i.e., at least in theory Lyft stood the chance of ultimately being held liable for damages that would be owed to VanderZanden as opposed to simply winning or losing on the claims Lyft was lodging against him). While the recently filed dismissal by both parties does not include any details of how they resolved their disputes, one can reasonably speculate that the claims being asserted by VanderZanden against Lyft were a useful leverage point in negotiations leading up to whatever deal they struck. Another leverage point – for both sides – was the simple fact that trial was slated to begin in August of this year. Some new reports concerning the settlement have noted that "sources" for both sides indicate that no money changed hands with the settlement.

The forum for this dispute – California – was notable. California is one of the few states which

prohibits employers from binding employees – even high level executives – from going to competitors via non-compete type agreements. In most other states, one would have anticipated that this fight would have revolved around the simple fact that VanderZanden jumped from Lyft to Uber. But as a California-based employer, Lyft's options in protecting itself against competition by its former employees are somewhat limited (i.e., California-based companies typically have to focus on the protection of their confidential information from being used or disclosed as opposed to pure non-solicitation or non-competition covenants).

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